

MISSOURI INVESTMENT TRUST

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended December 31, 2009

Missouri Investment Trust

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED DECEMBER 31, 2009

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INTRODUCTORY SECTION

INTRODUCTORY SECTION

Introduction

The Missouri Investment Trust (MIT) was created by the Missouri General Assembly through the passage of Senate Bill No. 449, which became effective August 28, 1997.

The Missouri Investment Trust was designed to allow the state of Missouri to invest specific funds for long-term investment and growth. Prior to the enactment of the Missouri Investment Trust, the state's investment authority was limited by statute to three years, and all funds were required to be invested by the State Treasurer within a general pool of state operating revenue. A short-term investment strategy such as this was inconsistent with the needs of certain funds. The Missouri Investment Trust was intended to allow such funds to be invested in a manner that maximizes the return on state dollars and optimizes the individual long-term objectives of participating agencies.

A seven-member governing board of trustees chaired by the State Treasurer administers the Missouri Investment Trust. The board is responsible for establishing and managing investment policies, strategies, and goals for the investment trust.

The State Treasurer, on behalf of the State of Missouri, has the power to convey designated funds in the state treasury to the Missouri Investment Trust to be held in trust for the exclusive benefit of the State of Missouri for a fixed period, pursuant to the terms and conditions of a written trust agreement and the provisions of sections 30.953 to 30.971, RSMo, provided that all the following requirements have been met:

- (1) The General Assembly passes and the Governor signs legislation designating specific funds in the state treasury as being funds which, due to their nature and purpose, are intended for long-term investment and growth, and accordingly, from which there shall be no appropriations for a period exceeding the longest duration for investments by the state treasury pursuant to section 15, article IV of the Constitution of Missouri. Such legislation shall declare that it is the intention and desire of the General Assembly that the State Treasurer shall convey the designated funds, in trust, to the Missouri Investment Trust, and shall further declare the date on which such funds shall be reconvened to the State Treasurer by the investment trust; and
- (2) Such legislative measure is accompanied by an appropriation authorizing disbursement of the designated funds from the state treasury, and
- (3) The Missouri Investment Trust executes a valid, binding trust agreement, sufficient in form and substance to bind the investment trust to hold, maintain, and invest the designated funds, in trust, for the exclusive

benefit of the State of Missouri, for the prescribed period, whereupon the investment trust shall reconvey the designated funds and any earnings thereon to the state treasury.

No more than one hundred million dollars, in aggregate, may be conveyed to the investment trust pursuant to sections 30.953 to 30.971, RSMo. Total assets under management by the investment trust may exceed one hundred million dollars, but no new funds may be conveyed to the investment trust until such time as previous existing transfers to the investment trust total less than one hundred million dollars.

Investment Policy and Asset Allocation

The Missouri Investment Trust maintains a formal Investment Policy, which outlines the investment philosophy and practices of the Missouri Investment Trust and was developed to serve as a reference point for the management of assets. The Board adopted a long-term plan by which the assets were maintained and enhanced through prudent investments. This is an official policy document of the MIT. Deviation from this document is not permitted without explicit written permission, in advance, from the Board.

Based on general beliefs about the long-term investment returns available from a well-diversified, prudently invested portfolio, the Board adopted an investment objective to achieve a rate of return that approximates a specified benchmark. The Board recognized that even though its investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. This prevents ad-hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations. In determining its risk, the Board has properly considered, in addition to its fiduciary obligations and statutory requirements, the purpose and characteristics, liquidity needs, sources of contribution and income of each depositor.

During Fiscal Year 2009, MIT maintained the same asset allocation and policy and strategic benchmarks, as detailed more fully in the Notes to the Financial Statements. A review of the performance of funds invested by MIT is contained in the Management Discussion and Analysis, following.

Board of Trustees

The Missouri Investment Trust operates under the direction and control of a seven-member governing board, which consists of the State Treasurer, who serves as the chairman, the Commissioner of the Office of Administration, one member appointed by the Speaker of the House of Representatives, one member appointed by the President Pro Tem of the Senate and three members to be selected by the Governor, with the advice and consent of the Senate. The persons to be selected by the Governor shall be individuals knowledgeable in the areas of banking, finance or the investment and management of

public funds. Not more than two of the members appointed by the Governor shall be from the same political party.

Members of the Board as of December 31, 2009 are listed below.

2009 Missouri Investment Trust Board of Trustees

Clint Zweifel	Chairman, Ex-officio Member, Jefferson City, State Treasurer
Kelvin Simmons	Ex-officio Member, Jefferson City, Commissioner of Administration
Stuart Zimmerman	Appointed Member, St. Louis
Allen Icet	Appointed Member, St. Louis
Brad Lager	Appointed Member, Savannah
Anita Yeckel	Appointed Member, Sunset Hills (St. Louis County)
Tim Schulte	Appointed Member, Chesterfield

Other Information

The State of Missouri Auditor's Office conducts an annual audit of the Missouri Investment Trust's financial statements, as prescribed by law.

FINANCIAL SECTION



SUSAN MONTEE, JD, CPA
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Board of Trustees
Missouri Investment Trust
Jefferson City, Missouri

We have audited the accompanying financial statements of the Missouri Investment Trust, a component unit of the State of Missouri, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the Missouri Investment Trust as of December 31, 2009 and 2008, and the changes in its fiduciary net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2010, on our consideration of the Missouri Investment Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Missouri Investment Trust's basic financial statements. The introductory section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Susan Montee, JD, CPA
State Auditor

April 13, 2010



SUSAN MONTEE, JD, CPA
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Board of Trustees
Missouri Investment Trust
Jefferson City, Missouri

We have audited the financial statements of the Missouri Investment Trust, a component unit of the State of Missouri, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Missouri Investment Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the trust's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the trust's financial statements will not be prevented, or detected and corrected on a timely basis.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Missouri Investment Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the management of the Missouri Investment Trust and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "Susan Montee".

Susan Montee, JD, CPA
State Auditor

April 13, 2010

FINANCIAL SECTION

Management Discussion and Analysis

The discussion and analysis of the Missouri Investment Trust's financial performance provides a summary of the trust's financial activities for the fiscal year ended December 31, 2009.

Financial Highlights

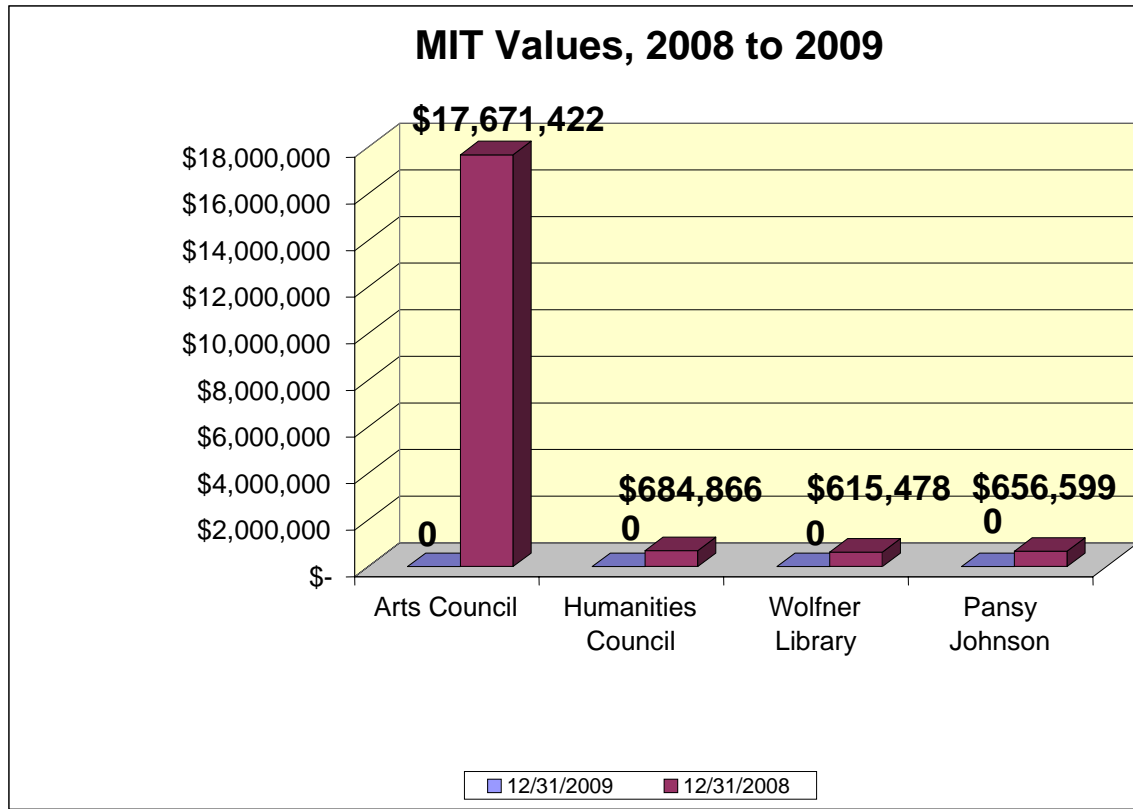
As of December 31, 2009, the Missouri Investment Trust (MIT) has reconveyed all trust assets to each of the four contributing entities; Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansy Johnson-Travis Memorial State Gardens Trust Fund.

As prescribed by Section 30.954, RSMo, all trust assets were required to be reconveyed to the contributors by January 2, 2010. In March of 2009, MIT's external investment manager, State Street Global Advisors (SSGA) notified MIT of redemption restrictions in place for two of the three funds in which MIT had invested. These redemption restrictions provided narrow windows for account owners to withdraw funds, with no guarantee that funds could be withdrawn in 2010. Rather than wait until January 2, 2010 to attempt to withdraw its funds and risk being subject to additional liquidity restrictions, the MIT Board chose to liquidate its holdings with SSGA in July, 2009.

Due to redemption restrictions set in place by SSGA, portions of the Trust were not available for immediate cash disbursement in July. Balances not available for immediate cash disbursement were transferred from the custody of the MIT, and placed into a separate liquidating trust managed by SSGA. The MIT's contributing entities were issued shares in the newly established liquidating trust based on the entity's proportionate share of the MIT. Shares are automatically liquidated at their nearest redemption date, and the associated cash value is credited to the appropriate entity. The following table details the amount of cash disbursements, as well as the cash value of liquidating trust shares outstanding for each of the contributing entities as of December 31, 2009.

	Missouri Arts Council	Missouri Humanities Council	Pansy Johnson- Travis Memorial	Wolfner Library	Total
Cash Received	\$19,179,597	\$743,319	\$712,659	\$668,012	\$21,303,587
Liquidating Trust Shares	\$577,543	\$22,377	\$21,455	\$20,110	\$641,485
Total Disbursement	\$19,757,140	\$765,696	\$734,114	\$688,122	\$21,945,072

The following graph represents MIT values for fiscal years 2008 and 2009. All MIT holdings were reconveyed to the contributing entities in 2009, which resulted in a \$0 holding value as of December 31, 2009.



Overview of the Financial Statements

The basic financial statements contained in this section consist of:

- The ***Comparative Statement of Fiduciary Net Assets***, which reports the investment trust fund assets, liabilities and resultant assets, where $\text{Assets} - \text{Liabilities} = \text{Net Assets}$ available at the end of the fiscal year.
- The ***Comparative Statement of Changes in Fiduciary Net Assets***, which reports the investment trust transactions that occurred during the fiscal year where $\text{Additions} - \text{Deductions} = \text{Net Change in Net Assets}$.
- The ***Notes to the Financial Statements*** are an integral part of the above financial statements and include additional information not readily evident in the statements themselves.

Summary of Net Assets

MIT's net assets, consisting of the three accounts managed by State Street Global Advisors (SSGA), decreased by \$19,588,115, reducing MIT's 2009 net assets to \$0. This is attributable to the liquidation of the MIT, as previously noted.

Summary of Missouri Investment Trust's Net Assets				
	December 31,		Amount of	
	2009	2008	Change	%
ASSETS				
Investments at Fair Value	\$0	\$19,628,365	-\$19,628,365	-100.00%
Total Assets	\$0	\$19,628,365		
LIABILITIES AND NET ASSETS				
Accounts payable and other liabilities				
Investment Fees	\$0	\$40,250	-\$40,250	-100.00%
Total Liabilities	\$0	\$40,250		
Net Assets	\$0	\$19,588,115	-\$19,588,115	-100.00%

Summary of Changes In Net Assets

Investment income for funds held by the Missouri Investment Trust during the fiscal year increased \$2,415,998. Total fees for the entire fiscal year decreased from \$100,000 to \$59,041. This is due to the liquidation of the Missouri Investment Trust beginning July, 2009 resulting in a partial year's fee assessment.

Summary of Changes in Fiduciary Net Assets

	Fiscal Year Ended December 31,	
	2009	2008
ADDITIONS		
Contributions	\$0	\$0
Investment Income:		
Market appreciation (depreciation)	\$2,409,306	(\$12,267,690)
Securities lending proceeds	\$6,692	\$15,642
Net Investment Income (Loss)	\$2,415,998	(\$12,252,048)
Total Additions	\$2,415,998	(\$12,252,048)
DEDUCTIONS		
Investment management fees	\$59,041	\$100,000
Disbursements	\$21,945,072	\$0
Total Deductions	\$22,004,113	\$100,000
NET INCREASE (DECREASE) IN NET ASSETS	(\$19,588,115)	(\$12,352,048)
NET ASSETS, JANUARY 1	\$19,588,115	\$31,940,163
NET ASSETS, DECEMBER 31	<u>(\$0)</u>	<u>\$19,588,115</u>

FINANCIAL STATEMENTS

Missouri Investment Trust
Comparative Statement of Fiduciary Net Assets
For December 31, 2008 and 2009

	December 31, 2009	2008
ASSETS		
Investments at Fair Value	\$0	\$19,628,365
Total Assets	\$0	\$19,628,365
LIABILITIES AND NET ASSETS		
Accounts payable and other liabilities		
Investment Fees	\$0	\$40,250
Total Liabilities	\$0	\$40,250
Net Assets Held in Trust For Pool Participants	\$0	\$19,588,115

The accompanying Notes to the Financial Statements are an integral part of this statement.

Missouri Investment Trust
Comparative Statement of Changes in Fiduciary Net Assets
For the Fiscal Years Ended December 31, 2008 and 2009

	Fiscal Year Ended December 31,	
	2009	2008
ADDITIONS		
Contributions	\$0	\$0
Investment Income:		
Market appreciation (depreciation)	\$2,409,306	(\$12,267,690)
Securities lending proceeds	\$6,692	\$15,642
Net Investment Income (Loss)	\$2,415,998	(\$12,252,048)
Total Additions	\$2,415,998	(\$12,252,048)
DEDUCTIONS		
Investment management fees	\$59,041	\$100,000
Disbursements	\$21,945,072	\$0
Total Deductions	\$22,004,113	\$100,000
NET INCREASE (DECREASE) IN NET ASSETS	(\$19,588,115)	(\$12,352,048)
NET ASSETS, JANUARY 1	\$19,588,115	\$31,940,163
NET ASSETS, DECEMBER 31	\$0	\$19,588,115

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

MISSOURI INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the investment trust data of the Missouri Investment Trust. The Missouri Investment Trust accepted deposits from various state funds after specific legislative approval. As of December 31, 2009, the following state funds which were authorized depositors of the Missouri Investment Trust: Wolfner Library Trust, Missouri Arts Council Trust, Missouri Humanities Council Trust, and the Pansy Johnson-Travis Memorial State Gardens Trust have all had their assets reconveyed as either cash or shares of a liquidating trust. Deposits were invested by the Missouri Investment Trust Board of Trustees through an external investment consultant. Due to the nature of the trust and because the trust provides services only to the state and receives funding only from the state, the trust is considered a component unit of the state of Missouri financial reporting entity and is blended into the state's financial statements.

The Missouri Investment Trust is a separate legal and accounting entity, recording all assets, liabilities, equities, revenues, and expenses related to the trust's activities. However, expenses presented for the trust or its programs may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Office of the Missouri State Treasurer are not allocated to the trust or its programs.

B. Basis of Accounting

The financial statements for the Missouri Investment Trust are prepared in conformity with generally accepted accounting principles. The statements are presented on the accrual basis of accounting which recognizes revenues when earned and expenses when the related liabilities are incurred.

Investments in domestic equity securities were made by the Missouri Investment Trust Board of Trustees through an external investment consultant's investment pools, which were managed to approximate returns experienced by the Standard & Poor's 500 Index and the Russell 2000 Index. Investments in international equities were held in a separately managed account held solely on behalf of the Missouri investment Trust. This separately managed account was also managed by an external consultant. Deposits of each state fund were segregated by the investment

consultant or its bank in separate investment accounts within the pool or in the case of the international fund, in the separately managed account. Funds were invested in equity securities with a long-term objective of capital appreciation. However, investments in equity securities also carry increased risks due to potential volatility in the market.

C. Fiscal Authority and Responsibility

The Missouri Investment Trust Board of Trustees administered transactions in the Missouri Investment Trust within the authority prescribed by the General Assembly. The board serves in a fiduciary capacity with respect to the management of the investment trust and the investment of funds for the exclusive benefit of the state of Missouri; however, the board is not subject to regulatory oversight by the SEC or other entities. The board established policies, procedures, and objectives of the trust, accepted deposits to the trust from authorized state funds, and selected and monitored the external investment consultant. The board was responsible for establishing such policies and making investment decisions in good faith and with the degree of diligence, care, and skill which a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

2. Investments

The trust's only investments at December 31, 2008, were deposits in external investment pools or separately managed accounts with a carrying value of \$19,628,365, which approximates fair value. As of December 31, 2009, the trust had \$0 in investments. This is a result of the trust liquidation beginning July, 2009. The valuation is provided by the consultant's monthly investment summary reports and is based on the underlying fair value of the equity securities in which the consultant's investment pools have invested. These investments are not subject to categorization of custodial credit risk.

3. Deposits and Net Assets

The Missouri Investment Trust received \$0 in deposits for fiscal year 2009. Net assets of the Missouri Investment Trust were reconveyed to the contributing entities; Wolfner Library Trust Fund, Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, and the Pansy Johnson-Travis Memorial State Gardens Trust Fund. As such, the Missouri Investment Trust had net assets totaling \$0 as of fiscal year end, December 31, 2009.

4. Investment Income (Loss)

Investment income (loss) includes dividends and realized/unrealized gains and losses on underlying securities held by the investment consultant in the consultant's investment pools. The Missouri Investment Trust experienced net investment income (loss) totaling \$2,415,998 and (\$12,252,048) for the two fiscal years ended December 31, 2009 and December 31, 2008, respectively.

5. Asset Allocation

The Board is responsible for asset allocation decisions and periodically reviewed its target allocation to confirm or adjust the targets. Based on its determination of the appropriate risk tolerance for each fund and its long-term return expectations, the Board adopted the following broad asset allocation guidelines for each fund comprising the MIT.

Asset Class	Allocation
Domestic Equity	75%
Domestic Equity Investments-Large Capitalization	85%
Domestic Equity Investments- Small Capitalization	15%
International Equity - MSCI EAFE Index	25%

* The percentages indicated for the two domestic asset classes represent the portion of each class within the total domestic equity allocation.

To maintain asset allocation ranges, it was necessary to periodically rebalance the portfolio as a result of market value fluctuations. Small variances between actual and target allocations did not warrant rebalancing. In order to assume a rational, systematic, and cost-effective approach to rebalancing, the Board chose the following "trigger points" as the maximum upper or lower limits for a specified asset class. If the percentage of MIT assets in a particular asset class deviated from the target beyond a target point, staff recommended the Board rebalance the portfolio to bring all asset classes in line with the adopted Guideline Percentages. Rebalancing was conducted in such a manner that transaction costs and portfolio disruptions were minimal. The trigger points were as follows:

Asset Class	Guideline Percent	Band Width	Upper Trigger Point	Lower Trigger Point
Domestic Equity	75%	±5%	80%	70%
Domestic Equity Investments- -Large Capitalization	85%	±5%	90%	80%
Domestic Equity Investments- -Small Capitalization	15%	±5%	20%	10%
International Equity	25%	±5%	30%	20%

* The percentages indicated for each domestic asset classes represent the percent of total domestic equities allocated to each sub-grouping.

6. Benchmarks and Performance Measurement

In order to determine if the MIT objectives were being achieved, it was necessary to develop benchmarks by which the MIT progress may be judged. These benchmarks allowed the MIT to be judged by its performance relative to broad market indices. The Board understood there may be short-term variations from these objectives, however, the Board believed that over the long-term (market cycle to market cycle) these goals would be attainable.

The Board established two benchmarks to evaluate overall performance. The first was a policy benchmark, which provided an indication of the returns that could be achieved by a portfolio invested passively in a broad market index. The policy benchmark was comprised of:

Market Index	Proportion
Russell 3000 Domestic Stock Index	75%
MSCI EAFE Index	25%

The second benchmark was a strategy benchmark, which reflects decisions made by the Board to strategically deviate from the broad asset class. This benchmark was more narrowly defined and focused on specific asset allocations relative to the policy benchmark. Comparison of the strategy benchmark with the policy benchmark provided an indicator of the success or failure of all decisions made that deviate from the broad market. The strategy benchmark was comprised of:

Market Index	Proportion
Domestic Equities	75%
S&P 500 Domestic Stock Index	85%
Russell 2000 Domestic Stock Index	15%
International Equities	25%
MSCI EAFE Index	100%

Performance reviews were a critical part of the portfolio management process. In fulfilling this duty, the Board relied on its external investment managers and staff from the State Treasurer's Office. Actual returns were compared against both the policy and strategy benchmarks. Comparison of the actual return to the strategy benchmark reflected the staff's and/or the external investment manager's ability to implement the Board's strategy. Variations from the strategy benchmark can be attributed to factors such as the selection of active fund managers and the differences between actual vs. targeted asset allocations.

The comparison of actual returns to the policy benchmark provides an indicator of the success or failure of both the strategic decisions of the Board and the implementation of the Board's strategy by staff and the external investment manager. Actual returns in excess of policy benchmarks are an indication that strategic decisions, along with their implementation, had a net positive effect relative to what could have been achieved by investing passively in a broad market index. The following table summarizes actual returns achieved January, 2009 through June, 2009 versus those of the aforementioned policy and strategy benchmarks. Returns are shown through June, 2009 versus December, 2009 due to the Trust liquidation beginning in July, 2009.

MISSOURI INVESTMENT TRUST
Investment Returns
Jan. 2009 – June 2009

Asset Class	Target Allocation	As of 6/30/09	Market Value	Policy ¹	Strategy ²	SSGA ³
Total Fund	100.00%	100.00%	20,298,042	5.16%	4.30%	3.41%
Domestic Equity	75.00%	77.68%				
Large Cap	63.75%	65.46%	13,287,542	n/a	3.16%	3.19%
Small Cap	11.25%	12.22%	2,480,405	n/a	2.63%	2.59%
International Equity	25.00%	22.32%	4,530,095	n/a	7.95%	5.51%

1. Policy benchmark is 75% Russell 3000 and 25% MSCI International EAFE. Therefore, returns for the Large and Small Cap indices are not broken out.
2. Strategy benchmark represents 85/15 allocation to S&P 500 and Russell 2000 within the domestic class.
3. Gross returns, exclusive of net fees, reported by State Street Global Advisors

7. Statement of Fees

The Missouri Investment Trust entered into contracts with State Street Global Advisors (SSGA) for investment management services. SSGA invested in two passive index common trust funds for its domestic funds and a separately managed account for its international fund at the direction of MIT. The following table provides a summary of SSGA's fees as set forth in their agreements with MIT.

MISSOURI INVESTMENT TRUST
FEES AND EXPENSES
State Street Global Advisors Fee Schedule

		Basis Points
Large Capitalization Index Fund	First \$100,000,000	3
S&P 500 Index and Securities Lending Common Trust Fund	Thereafter	2
Non-Large Capitalization Index Fund	First \$100,000,000	5
Russell 2000 Non-Lending Common Trust Fund	Thereafter	4
International Equities	First \$25,000,000	80
International Alpha Select Screened Fund	Next \$25,000,000	70
	Next \$50,000,000	55
	Thereafter	45

There was a minimum annual fee of \$5,000 for the domestic equity allocation, which includes both the S&P 500 and Russell 2000 fund balances. There was a separate \$100,000 minimum investment management fee for the international balance. All fees were charged prior to any securities lending credits being applied. Total fees are applied pro-rata to each participant in the Trust.

Common Trust Fund
Schedule of Fees
Fiscal Year 2009
(Net of Securities Lending Credits)

	S&P 500 Index CTF	Russell 2000 Index CTF	Less S&P Securities Lending Income	Less Russell 2000 Securities Lending Income	CTF Total Quarterly Fees*
Quarter 1	\$960	\$290	\$2,121	\$1,886	(\$2,757)
Quarter 2	\$964	\$295	\$4,207	\$1,546	(\$4,494)
Quarter 3	\$451	\$108	\$0	\$0	\$559
Quarter 4	\$0	\$0	\$0	\$0	\$0
Total Fees*	\$2,375	\$693	\$6,328	\$3,432	(\$6,692)

* Securities lending income offset all management fees associated with the Common Trust Funds (CTF). Accordingly, \$0 in CTF management fees were expensed for FY 2009. Additionally, securities lending income in excess of fees represents an increase to the fair value of the associated CTF. Therefore, securities lending proceeds of \$6,692 have been recorded as an increase to the fair value of the Missouri Investment Trust.

**International Equities
Schedule of Fees
Fiscal Year 2009**

Int'l Alpha Total Quarterly
Fees

Quarter 1	\$25,000
Quarter 2	\$25,000
Quarter 3	\$9,041
Quarter 4	\$0
Total Fees	\$59,041

8. Disbursements

At the direction of the Board of Trustees, the MIT was fully disbursed and placed to the credit of the contributing entities based on the entity's proportionate share of the Trust. Due to restrictions set in place by the Trust's external investment manager, SSGA, portions of the Trust were not available for immediate cash disbursement. Balances not available for immediate cash disbursement were transferred from the custody of the MIT, and placed into a separate liquidating trust managed by SSGA. The MIT's contributing entities were issued shares in the newly established liquidating trust based on the entity's proportionate share of the MIT. The following table details the amount and type of disbursements received by the contributing entities as of December 31, 2009.

	Missouri Arts Council	Missouri Humanities Council	Pansy Johnson- Travis Memorial	Wolfner Library	Total
Cash Received	\$19,179,597	\$743,319	\$712,659	\$668,012	\$21,303,587
Liquidating Trust Shares	\$577,543	\$22,377	\$21,455	\$20,110	\$641,485
Total Disbursement	\$19,757,140	\$765,696	\$734,114	\$688,122	\$21,945,072

STATISTICAL SECTION

Missouri Investment Trust
Summary of Assets
December 31, 2009

Fiscal Year 2009

Change in Asset Values (by fund participant)

Fund	Market Value 1/1/2009	Change in Market Value	FY 2009 Distributions	Market Value 12/31/09
Missouri Arts Council				
S&P 500 Fund	\$11,590,242	\$1,278,659	\$12,868,901	\$0
Russell 2000 Fund	\$2,167,296	\$281,697	\$2,448,993	\$0
International Alpha Select	\$3,913,884	\$525,374	\$4,439,258	\$0
MO Humanities Council				
S&P 500 Fund	\$449,230	\$49,561	\$498,791	\$0
Russell 2000 Fund	\$83,951	\$10,911	\$94,862	\$0
International Alpha Select	\$151,685	\$20,361	\$172,046	\$0
Pansy Johnson				
S&P 500 Fund	\$430,683	\$47,514	\$478,197	\$0
Russell 2000 Fund	\$80,492	\$10,462	\$90,954	\$0
International Alpha Select	\$145,424	\$19,521	\$164,945	\$0
Wolfner Library				
S&P 500 Fund	\$403,717	\$44,542	\$448,259	\$0
Russell 2000 Fund	\$75,444	\$9,806	\$85,250	\$0
International Alpha Select	\$136,317	\$18,299	\$154,616	\$0
TOTALS	\$19,628,365	\$2,316,707	\$21,945,072	\$0

MISSOURI INVESTMENT TRUST
Summary of Assets by Fiscal Year
(Continued on Next Page)

Trust	Market Value					
	12/31/1999	12/31/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004
Missouri Arts Council	\$11,451,137	\$16,047,440	\$18,217,752	\$14,355,056	\$19,003,397	\$21,577,231
Missouri Humanities Council	\$0	\$786,369	\$706,046	\$556,343	\$736,488	\$836,236
Wolfner Library	\$0	\$368,225	\$634,508	\$499,975	\$661,872	\$751,514
Pansy Johnson	\$0	\$753,971	\$676,960	\$533,425	\$706,152	\$801,796
TOTALS	\$11,451,137	\$17,956,005	\$20,235,266	\$15,944,799	\$21,107,909	\$23,966,777

CONTRIBUTIONS:

1. The Arts Council's FY 1999 contributions were \$10,000,000.

2. FY 2000 contributions were \$8,065,000 as follows:

Missouri Arts Council	\$6,000,000
Missouri Humanities Council	\$850,000
Wolfner Library Trust	\$400,000
Pansy Johnson Trust	\$815,000
Total	<u>\$8,065,000</u>

3. FY 2001 contributions were \$4,328,000 as follows:

Missouri Arts Council	\$4,000,000.00
Missouri Humanities Council	\$0.00
Wolfner Library Trust	\$328,000.00
Pansy Johnson Trust	\$0.00
Total	<u>\$4,328,000.00</u>

4. There were no contributions since FY 2001.

5. In 2001, 10% of the MIT portfolio was allocated to the MSCI EAFE international fund.

6. In 2004, the allocation to the MSCI EAFE international fund was increased to 20%.

7. In 2006, the allocation to the MSCI EAFE international fund was increased to 25%.

MISSOURI INVESTMENT TRUST
Summary of Assets by Fiscal Year
(Continued from Previous Page)

Trust	Market Value				
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009
Missouri Arts Council	\$23,020,338	\$27,500,512	\$28,777,116	\$17,671,422	\$0
Missouri Humanities Council	\$892,163	\$1,065,789	\$1,115,267	\$684,866	\$0
Wolfner Library	\$801,778	\$957,814	\$1,002,282	\$615,478	\$0
Pansy Johnson	\$855,421	\$1,021,832	\$1,069,271	\$656,599	\$0
TOTALS	\$25,569,700	\$30,545,947	\$31,963,936	\$19,628,365	\$0

MISSOURI INVESTMENT TRUST HISTORY AND ORGANIZATION INFORMATION

The Missouri Investment Trust was established by Section 30.953, RSMo, effective August 28, 1997 to allow the state to invest specific funds for long-term investment and growth. Subject to a valid, binding trust agreement, the trust receives funds specifically approved and designated by the General Assembly.

The responsibility for the proper administration of the trust and the direction of its policies is vested in a seven-member Board of Trustees. The board consists of the State Treasurer, the Commissioner of Administration, one member appointed by the Speaker of the House, one member appointed by the President Pro-tem of the Senate, and three members to be selected by the Governor, with the advice and consent of the Senate. Members of the Board of Trustees as of December 31, 2009 were:

<u>Name</u>	<u>Title/Appointed by</u>
Clint Zweifel, Chairman	State Treasurer
Kelvin Simmons	Commissioner of Administration
Rep. Allen Icet	Member appointed by Speaker of The House
Sen. Brad Lager	Member appointed by President Pro-Tem of the Senate
Anita Yeckel	Member appointed by Governor
Stuart Zimmerman	Member appointed by Governor
Tim Schulte	Member appointed by Governor

The board has selected State Street Global Advisors to provide investment management services to the trust.

The trust serves as a tool for specifically appropriated state monies to be invested longer than authorized by statute for the State Treasurer.

Pursuant to Section 30.954, RSMo, on January 2, 2010, the Wolfner Library Trust Fund, the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund and Pansy Johnson-Travis Memorial State Gardens Trust Fund shall be reconveyed to the State Treasurer by the investment trust. As of December 31, 2009, the MIT had reconveyed to the State Treasurer all assets of the aforementioned entities in the form of cash disbursements, and shares in a liquidating trust.